

**Teachers' Superannuation Fund
Statement Of Revenue And Expenditure**
Year Ended December 31, 1977
(Expressed in Thousands)

	REVENUE	1977	1976
Contributions from participants			
Teaching for Ontario boards	\$ 109,514	\$ 98,630	
Teaching in designated private schools	1,921	1,734	
Outside services	231	169	
Miscellaneous	6,143	5,382	
	117,809	105,915	

Contributions from the Provincial Treasury per section 22 of the Teachers' Superannuation Act, including interest of \$9,848 (\$7461 in 1976)	110,140	83,442
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Special payments from the Provincial Treasury		
Interest on 1966 actuarial unfunded liability	34,697	19,697
Amortization of post 1966 actuarial unfunded liability and interest thereon	43,827	21,914
Experience overpayment and interest thereon		(20,204)
Minimum pension subsidy, including pension escalations	32,700	25,386
	111,224	46,793

Interest earned		
Province of Ontario debentures	163,629	131,021
Temporary investments	1,301	2,050
Repayment of refunds and sundry interest	1,310	946
	166,240	134,017

Recovery of pension escalations from Superannuation Adjustment Fund	355	
Transfers from other pension funds	1,068	658
Repayments of refunds by former participants resuming teaching	669	518
	\$ 507,505	\$ 371,343

	EXPENDITURE	1977	1976
Pensions paid			
Service	\$ 103,982	\$ 90,756	
Disability	6,169	5,597	
Dependents	6,255	5,221	
Joint annuities	52	44	
	116,458	101,618	
Refunds of contributions and interest thereon			
To participants who have withdrawn	9,428	9,999	
To representatives of deceased participants	444	361	
	9,872	10,360	
Transfers to other pensions funds	1,088	685	
Administration expenses	1,800	1,502	
TOTAL EXPENDITURE	129,218	114,165	
EXCESS OF REVENUE OVER EXPENDITURE	378,287	257,178	
ADDED TO CAPITAL	\$ 507,505	\$ 371,343	

**Teachers' Superannuation Fund
Notes To Financial Statements**
December 31, 1977
(Expressed in Thousands)

1. ACCOUNTING POLICIES

(a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

(b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Provincial Treasury are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt.

Interest earned on short term notes and investments is recorded on an accrual basis.

(c) Refund of contributions and repayment of refunds

The liability of the fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up, the liability being considered an actuarial liability similar to the liability of the fund for annuities. In addition, no asset has been set up for the amounts due from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching.

2. ACTUARIAL UNFUNDED LIABILITY

The amount of the actuarial unfunded liability is not reflected in the financial statements. The latest four actuarial reports show deficiencies at December 31 of each of the mentioned years as follows:

1975	\$ 1,397,178
1972	557,877
1969	382,265
1966	328,282

The Pension Benefits Act of Ontario requires the employer to maintain the actuarial unfunded liability at December 31, 1966 level. Accordingly the Province of Ontario is required to pay into the fund the following minimum annual payments with the first payment commencing December 31, 1976: —

\$144,436 per year to December 31, 1980,

138,571 for the next nine years ending December 31, 1989,

116,657 for the year ending December 31, 1990, and

22,980 payable thereafter.

Since the actuarial report for 1975 was not available until June 30, 1977, the Province of Ontario did not commence this new minimum annual payment schedule until January 3, 1978. With the payment of the Supplementary Estimate approved by the Social Development Committee of the Legislature on March 21, 1978 the Province will have completed the minimum payments required to December 31, 1977.

Experience deficiency payments of \$20,204 received prior to December 31, 1975

were deemed unnecessary and the resulting overpayment was applied to reduce the 1976 unfunded actuarial liability payment to \$21,406.

**Teachers' Superannuation Fund
Investments**
December 31, 1977
(Expressed in Thousands)

Schedule A

INVESTMENTS

Investments consist of the following:

Province of Ontario debentures at cost:

6% due November 1, 1982

6% due November 1, 1987

6% due November 1, 1992

8.5% due May 1, 1996

8.5% due January 1, 1997

8.5% due March 30, 1997

7.8% due May 1, 1997

7.8% due November 1, 1997

7.8% due January 1, 1998

8.0% due April 1, 1993

8.0% due May 1, 1993

8.0% due October 1, 1993

8.0% due November 1, 1993

8.0% due January 1, 1994

8.3% due April 1, 1994

8.3% due May 1, 1999

8.3% due September 30, 1999

8.3% due November 1, 1999

8.3% due January 1, 2000

10.04% due May 1, 1995

10.04% due November 1, 1995

10.94% due May 1, 1996

10.11% due May 1, 2001

10.11% due November 1, 2001

10.11% due January 1, 2002

10.11% due February 1, 2002

10.11% due March 1, 2002

10.11% due March 31, 2002

Deposits with the Province of Ontario to be used in purchasing Province of Ontario debentures:

142,000

2,151,300

133,000

1,807,800

42,768

31,718

\$ 2,194,068

\$ 1,839,518

Accrued interest:

142,000

2,151,300

133,000

1,807,800

42,768

31,718

\$ 2,194,068

\$ 1,839,518

Office fees:

121

19

26

69

24

7

5

15

14

3

35

30

142

135

105

123

41

35

30

35

42

41

2

31

16

39

43

7

14

1

\$ 1,800

\$ 1,502

Schedule B

Administration Expenses

Year Ended December 31, 1977

(Expressed in Thousands)

1977

1976

Staff salaries

1,047

854

Commissioners' salaries

18

19

Travel expense

26

20

Actuarial services

69

24

Medical fees

7

5

Auditing fees

15

14

Legal fees

3

4

Postage

35

30

Printing and stationery

142

135

Data centre services

105

123

Rental of office equipment

41

35

Repairs and maintenance

35

30

Utilities

42

41

Insurance

2

2

Office equipment and furniture

31

16

Sundry expenses

39

43

Chairman's Report

The past year has been an exceptionally busy one for the Commission and the staff as we have endeavoured to meet the many requests for information by the contributors to the Fund and to participate in the increasing number of workshops on superannuation and other matters relating to retirement that are sponsored by the various affiliates of the Ontario Teachers' Federation and by the Superannuated Teachers of Ontario.

In order to give more expeditious service to contributors who request information, our data processing procedures are being improved, extra staff is being secured and additional equipment is being installed. The Commission is proceeding with the necessary groundwork in connection with an addition to the building, but it is taking considerably longer than expected to receive all the required clearances before the actual construction can begin.

J.R. Thomson

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Director's Report

During the past year there has been a considerable number of articles written in the newspapers concerning our Fund. The main result of this publicity has been an uncertainty on the part of both teachers and pensioners regarding the solvency of the Fund. The pension benefits which have been promised to you are not in peril and they will be paid.

If you look over the Statement of Revenue and Expenditures and the Statement of Assets and Liabilities on the following pages, you will see that at the end of last year our Fund showed a balance of \$2,325,163,000, an increase over the previous year of \$378,287,000. This balance does not include payments on the 1975 Actuarial Valuation of \$102,845,000 and \$107,189,000 which were paid in 1978 but pertained to the years 1976 and 1977 respectively and included a payment of interest.

The Regulation under the Act was amended during the year to permit direct payments into the Fund for service in Her Majesty's forces during the Korean War. The payment must be made to the Fund before December 31, 1982 or within 10 years of the date of employment under the Act following service in the forces, whichever is the later. The period of service covering the Korean War will be from September 1950 to November 1953.

Anyone who wishes to have an estimate of the cost of paying for such service should send the discharge certificate to the Commission.

J.R. Causley

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For the Period January 1, 1977 to December 31, 1977

Changes in the Pension Register in the Fiscal Periods 1976 – 1977

CLASS "A"
(Age plus service equals 90)
8310
8758

CLASS "B"
(30 years' service commencing at age 55 at the earliest)
2007
1958

CLASS "F"
(10 years' service commencing at age 55 at the earliest)
4589
5025

CLASS "D"
(Dependant's pension)
1586
1761

CLASS "C"
(Total Disability)
715
725

CLASS "CB"
(Disability as a Teacher)
653
676

CLASS "E"
(Dependant of contributor who died before April 1, 1949)
58
55

CLASS "J"
6
7

*Class "J" pension is one where the teacher has elected to receive a reduced pension which, when he dies, is payable in half the amount to a named dependant.

Teachers' Superannuation Fund Financial Statements

Year Ended December 31, 1977

Auditors' Report

Statement of Assets and Liabilities

Statement of Revenue and Expenditure

Notes to Financial Statements

Schedules

A Investments

B Administration Expenses

Chartered Accountants
Thorne Riddell & Co.

Auditors' Report

The Honorable Darcy McKeough
Minister of Treasury
Economics and Intergovernmental Affairs
The Province of Ontario

We have examined the statement of assets and liabilities of the Teachers' Superannuation Fund as at December 31, 1977 and the statement of revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1977 and the results of its operations for the year then ended in accordance with the accounting policies set out in note 1 to the financial statements on a basis consistent with that of the preceding year.

North York, Ontario
March 23, 1978
Thorne Riddell & Co.
Chartered Accountants

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Teachers' Superannuation Fund Statement of Assets And Liabilities

December 31, 1977
(Expressed in thousands)

ASSETS

	1977	1976
Cash	\$ 16,723	\$ 9,956
Receivable from the Province of Ontario	1,002,923	579,811
Contributions by the Province	9,481	7,748
Interest on contributions	52	52
Receivable from school boards, net	53	53
Short-term notes, at cost plus accrued interest of \$3 (\$125 in 1976)	5,335	2,375
Investments, at cost plus accrued interest	2,194,686	1,39,518

	1977	1976
\$ 2,326,653	\$ 1,34,291	

LIABILITIES

	1977	1976
Accounts payable and accrued liabilities	\$ 37	\$ 749
Payable to school boards, net	347	347
Due to Superannuation Adjustment Fund	65	319
1,021	1,415	

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1,021	1,415	

CAPITAL FUND

	1977	1976
Balance at beginning of year	\$ 9,467,68	\$ 5,869
Additions of revenue over expenditure	3,787	25,178
Balance at end of year	12,255,63	1,46,876

	1977	1976
\$ 12,255,63	\$ 1,46,876	

	1977	1976
\$ 12,255,63	\$ 1,46,876	

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